

# PROPOSED RESOLUTION

Resolution W-5080  
DWA

AGENDA ID #14606 Rev. 1  
Item #17

## PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

DIVISION OF WATER AND AUDITS  
Water and Sewer Advisory Branch

RESOLUTION W-5080  
February 25, 2016

### RESOLUTION

**(RES. W-5080) CALIFORNIA-AMERICAN WATER  
COMPANY, ORDER APPROVING CALIFORNIA-  
AMERICAN WATER COMPANY'S REQUEST TO ACQUIRE  
ADAMS RANCH MUTUAL WATER COMPANY FOR  
\$800,000, RESULTING IN AN ESTIMATED FUTURE  
REVENUE REQUIREMENT INCREASE OF \$169,656 or 0.58%  
TO LOS ANGELES COUNTY DISTRICT RATEPAYERS.**

---

### SUMMARY

By Advice Letter 1084-W filed on July 2, 2015, this Resolution approves California-American Water Company's (Cal Am) request to acquire Adams Ranch Mutual Water Company (Adams Ranch) for \$800,000 under the terms and conditions set forth in Advice Letter (AL) 1084-W and approved herein. The approved acquisition is in the public interest as it will allow Cal Am to utilize economies of scale, adding the 173 Adams Ranch connections to its existing 27,000 Los Angeles County (LA) District customers and maximizes its resources to maintain a safe and reliable water supply. With only 173 customers (172 residential and 1 commercial), Adams Ranch is faced with recovering its fixed costs from a relatively small customer base. Cal Am is well positioned to share economies of scale with Adams Ranch since Cal Am's service territory is directly adjacent to Adams Ranch's service area. The acquisition will be reflected in rates during Cal Am's next General Rate Case (GRC) in 2018. As a result of the Adams Ranch purchase, Cal Am's LA District will see its current revenue requirement of \$29,259,820 increase by an estimated \$169,656, or 0.58%.

Approval of this acquisition is consistent with the California Public Utilities Commission's (Commission) commitment to evaluating the safety considerations of all Commission Resolutions and Decisions since the acquisition will provide a safe

# **PROPOSED RESOLUTION**

Resolution W-5080  
DWA

February 25, 2016 Rev. 1

drinking water supply, at reasonable rates, for the Adams Ranch and LA District customers.

## **BACKGROUND**

Pursuant to Section 5 of General Order (GO) 96-B, Section 8.1 of the Water Industry Rules in GO 96-B, and Appendix D to Decision (D.) 99-10-064, Cal Am filed AL 1084 on July 2, 2015, requesting authorization from the Commission to (1) secure approval of the Purchase Agreement between Cal Am and Adams Ranch; (2) incorporate Adams Ranch into Cal Am's LA District service area for both operational and rate-making purposes; (3) apply the tariff rates and all rules and regulations applicable to Cal Am's San Marino service area in the LA District to the customers served by Adams Ranch; (4) use the purchase price of \$800,000 paid for the system to add to LA District's rate base at the time of acquisition; and (5) approve the terms and conditions of the Water Rights Agreement transferring water rights from Adams Ranch to Cal Am.

Adams Ranch is a nonprofit mutual water company located in Rosemead, California and presently serves a small community of 173 metered customers consisting of 172 residential customers and one commercial customer. The water system has one well in operation and a tank for storage. The water is treated through an air stripper tower and chlorinated. As the current operator of the water system is soon to retire with no available successor able to maintain and operate the system, Adams Ranch sought an acquisition by another water provider.

## **NOTICE AND PROTEST**

AL 1084-W was served in accordance with Water Industry Rule 4.1 of GO 96-B. A copy of AL 1084-W was sent to the service list that included customers of Adams Ranch. A notice of the acquisition request was sent to Cal Am's LA District customers on August 5, 2015.

On July 22, 2015, the Division of Water and Audits (DWA) received a protest from the Office of Ratepayer Advocates (ORA) that expressed several issues. ORA questioned if Cal Am properly served or had given notice of AL 1084-W since a sample letter was not attached to AL 1084-W. ORA pointed out that Cal Am failed to recognize Sections 851 and 854 as well as Sections 2718-2720 of the Public Utilities Code and that Cal Am did not properly perform the valuation analysis of the \$800,000 purchase price as required in Section 2720 using the methodology of Replacement Cost New Less Depreciation

# PROPOSED RESOLUTION

Resolution W-5080  
DWA

February 25, 2016 Rev. 1

(RCNLD)<sup>1</sup>. ORA disagreed that Cal Am would charge Adams Ranch customers for recovery of the Water Revenue Adjustment Mechanism (WRAM) and Modified Cost Balancing Account (MCBA) as well as the Low-Income Ratepayer Assistance Program (LIRAP) Balancing Account. Citing Water Industry Rule 8.1 of GO 96-B, ORA found no map included delineating the added area. Regarding the \$1,600,000 purchased water rights, ORA claims the purchased water rights should not be a separate transaction from the purchase of Adams Ranch and that Cal Am did not clearly state how the \$1,600,000 will be accounted for. Lastly, referring to Section 851 of the Public Utilities Code and D.99-10-064, ORA states that an advice letter is not the correct procedure as the transaction might warrant a more comprehensive review and that Adams Ranch is not a distressed system. ORA recommends rejecting AL 1084-W and that Cal Am should file an application.

A response by Cal Am to ORA's protest was received on July 30, 2015. Cal Am demonstrated that notice of AL 1084-W was properly served on July 29, 2015. Regarding the proper valuation analysis of the \$800,000 transaction under Section 2720, Cal Am states that the RCNLD methodology was performed and is shown in the workpapers of AL 1084-W. Addressing ORA's argument on the WRAM/MCBA and LIRAP balancing accounts, Cal Am argues it is unrealistic to not charge Adams Ranch customers as customers constantly move into and out of districts every year and that the Adams Ranch customers will receive the same low-income benefits as current LA District customers. Cal Am addresses ORA's argument of not including a map in AL 1084-W by stating that Water Industry Rule 8.1 requires a map be provided not with the advice letter filed but 30 days before service begins. For purchased water rights, Cal Am claims there is no documentation that requires the combined purchase of the utility and its water rights. Cal Am also points out that a settlement with ORA in the last GRC allowed Cal Am to purchase water rights. Regarding the appropriateness of using an advice letter, Cal Am states Section 851 allows for an advice letter process if the transaction is \$5,000,000 or less and that D.99-10-064 does not state advice letters may only be used for distressed systems.

## DISCUSSION

The State of California and the Commission encourage mergers of water systems especially when small systems can no longer economically provide adequate and safe

---

<sup>1</sup> Consistent with Evidence Code Section 820 which is referred to in Public Utilities Code Section 2720(b)

# PROPOSED RESOLUTION

Resolution W-5080  
DWA

February 25, 2016 Rev. 1

water supplies. In Resolution No. 2008-0048 the State Water Resources Control Board noted that small or disadvantaged communities cannot “provide the economies of scale necessary to build and maintain adequate water and wastewater systems.” The final California Water Action Plan<sup>2</sup>, released by Governor Brown in January 2014 (updated in 2016), endorses multiple approaches for ensuring reliability and sustainability of safe, clean, and affordable water for all Californians. The Commission in its 2010 Water Action Plan<sup>3</sup> supported “incentives for the acquisition or the operation of small water and sewer utilities, in recognition of the benefits to customers of such acquisitions.” As discussed, Adams Ranch has a small customer base of 173 customers. In its LA District, Cal Am has over 27,000 customers and in its California service territory has over 600,000 customers. Adams Ranch is nearly encircled by Cal Am’s San Marino service area and there is an existing connection between the two systems. As discussed below, when Cal Am’s rates are imposed on Adams Ranch, the customers will actually pay less than the current Adams Ranch rates. Adams Ranch water system, which will remain in service upon closing of the sale to Cal Am, is in good condition and adequately supplies safe and reliable drinking water for its customers. Cal Am has the financial resources and operating expertise to take over the Adams Ranch system and ensure that the system continues to produce safe drinking water that complies with stringent state and federal standards.

When Cal Am’s advice letter request for acquisition of Adams Ranch is evaluated in light of the state policy favoring the merger of small water systems, it is clear that consolidation is in the interest of the Adams Ranch customers, with minimal effects on current Cal Am customers, and will advance important State policy goals. In particular, Cal Am’s purchase of Adams Ranch will promote access to safe and reliable water service at reasonable rates for the Adams Ranch customers.

## *Acquisition Agreement*

In D.99-10-064, the Commission addresses the regulation guidelines for Class A water utilities merging and acquiring water utilities, and Section 4 of the adopted Settlement Agreement specifically deals with acquisition of mutual water companies. Section 4.01 states that a privately-owned utility does not need “to obtain authorization from the Commission before acquiring a publicly-owned utility.” Section 4.02 states that the

---

<sup>2</sup> [http://resources.ca.gov/california\\_water\\_action\\_plan/](http://resources.ca.gov/california_water_action_plan/)

<sup>3</sup> <http://docs.cpuc.ca.gov/PUBLISHED/Graphics/125501.PDF>

## PROPOSED RESOLUTION

Resolution W-5080  
DWA

February 25, 2016 Rev. 1

acquiring privately-owned utility is “authorized to file an advice letter placing into effect the existing rates of its adjacent or nearby water system, the acquired system’s rates, or rates lower than either.” Further clarification of Section 4.02 is provided in D.99-10-064.

“Pursuant to Section 451 of the Public Utilities Code, it is a distinct power and obligation of the Commission to establish just and reasonable rates... the reasonableness of the rates proposed should be addressed and justified in the advice letter... the implementation of any rate for an acquired water system shall require individual action by the Commission authorizing said rates either through Commission resolution or decision<sup>4</sup>.”

Section 851 and 854 of the Public Utilities Code are not triggered since mutual water companies are not defined as public utilities in the Public Utilities Code, and pursuant to Sections 241 and 2705, mutual water companies are not subject to Commission regulation. Consistent with D.99-10-064 and the Commission approved Resolution W-5042 of AL 1066 regarding the acquisition of Ox Bow Mutual Water Company by Cal Am, the advice letter and resolution process for acquiring mutual water companies is permissible and the application process is not required.

In AL 1084-W, Cal Am has requested Commission approval of the Acquisition Agreement between Cal Am and Adams Ranch. As previously discussed, the Commission does not hold jurisdiction over mutual water companies. While Cal Am does not require Commission authorization of the Acquisition Agreement, the Commission has authority over implementation of Cal Am’s \$800,000 purchase price.

Section 2720(a) of the Public Utilities Code states that, when a water system is acquired, “the Commission shall use the standard fair market value when establishing the rate base value.” Section 2720(b) states that “if the fair market value exceeds reproduction costs... the Commission may include the difference in rate base for ratesetting purposes if it finds that the additional amounts are fair and reasonable.” A valuation study of Adams Ranch water system assets, conducted by Civiltec Engineering, Inc. on February 19, 2015 and accepted by both Cal Am and Adams Ranch, calculated a RCNLD value of \$857,373. In addition, a valuation of Adams Ranch real estate was conducted by Integra Realty Resources on February 2, 2015 which indicates a value of \$130,000. Combined with the RCNLD value, the total estimated value of Adams Ranch is \$987,373.

---

<sup>4</sup> D.99-10-064, p. 5

## PROPOSED RESOLUTION

Resolution W-5080  
DWA

February 25, 2016 Rev. 1

After negotiations between the parties and under the Acquisition Agreement, Cal Am is to pay \$800,000 for the Adams Ranch water system assets. As Cal Am set forth in AL 1084-W, consistent with D. 99-10-064, Section 2.04 as well as Section 2720(a), the full purchase price of \$800,000 should be recognized as the rate base for the acquired assets. Section 2720(b) does not apply as the negotiated purchase price of \$800,000 is less than the replacement cost of \$857,373. Cal Am contends the requested rate base per customer for Adams Ranch is comparable to the current rate base per customer for the Los Angeles District. DWA evaluated this rate base calculation and agrees.

Cal Am provided workpapers in support of its valuation analysis in its advice letter filing. We find that the \$800,000 requested to be added to rate base in Cal Am's next GRC is reasonable.

### *Purchased Water Rights*

Cal Am reported in AL 1084-W that as a result of the Adams Ranch acquisition, it was able to obtain additional prescriptive water rights from Adams Ranch<sup>5</sup> at a purchase price of \$1,600,000. Under Section 2705 of the Public Utilities Code, the purchase and transfer of water rights from a mutual water company is not under Commission jurisdiction. While the acquisition of water rights is not under Code Section 2705, the ratemaking treatment of the \$1,600,000 purchase price is under Commission jurisdiction.

The question of the cost of purchased water rights is a matter which was negotiated between Cal Am and ORA in Cal Am's most recent GRC adopted by D.15-04-007. In the Settlement Agreement adopted in D.15-04-007, Cal Am and ORA agreed to a purchased water right project referred to as "Purchase Groundwater Rights Annually Project<sup>6</sup>." That settlement agreement provides that \$697,500 in 2015 and \$718,500 in 2016 would be included in rate base for purchased water rights projects. In addition, in attrition year 2017 the estimated water rights acquisition would be \$739,500<sup>7</sup>. Therefore, for the years 2015 through 2017, the total amount available for water purchases would

---

<sup>5</sup> 100 Acre-Feet of the Main San Gabriel Basin, which provides to Cal Am 0.051% of the Main Basin's Operating Safe Yield

<sup>6</sup> D.15-04-007, Attachment A, p. 186

<sup>7</sup> The 2017 amount is calculated by adding the difference between 2016 and 2015 (\$21,000) to 2016 authorized amount.

## PROPOSED RESOLUTION

Resolution W-5080  
DWA

February 25, 2016 Rev. 1

be \$2,155,500. Cal Am explains that the Adams Ranch water rights purchase of \$1,600,000 is within this total amount<sup>8</sup> and is therefore already included in rate base.

Cal Am provided documents in its advice letter of the valuation study on the Adams Ranch water rights. Conducted by West Water Research, Inc. on February 25, 2015 and accepted by both parties, the valuation study determined a value of \$1,643,200 for the water rights. With DWA having evaluated the study and agreeing to its findings, we find the purchase price of \$1,600,000 for water rights is reasonable.

### *Rate Impact*

As part of its request in AL 1084-W, once the acquisition of Adams Ranch is complete, Cal Am seeks authorization that the Adams Ranch customers be subject to the existing tariffs generally applicable for the San Marino service area in Cal Am's Los Angeles District, as amended from time to time. Currently, Adams Ranch customers are metered and are subject to a monthly service charge and quantity charge. San Marino's tariff rates also have a service charge and quantity charge, but the quantity charges are divided into two seasons, winter (November to April) and summer (May to October) and have a tiered rate structure.

Currently, an Adams Ranch customer with a 5/8-inch meter using 5,000 gallons per month pays a bill of \$32.71 each month. By comparison, the same customer under Cal Am's current rates will pay \$26.60 in the winter months and \$27.28 in the summer months. The customer would pay \$6.11 or 18.7% and \$5.43 or 16.7% less, respectively, than their current bill for these seasons.

Regarding the WRAM/MCBA and LIRAP Balancing Accounts, once Adams Ranch customers are placed under Cal Am's San Marino's tariff rates, Cal Am will treat them the same as current customers of San Marino. That means Adams Ranch customers will no longer be a distinct group and will pay any present or future surcharges in the San Marino district. This is consistent with any other new Cal Am customers who are charged for recovery of balancing accounts existing at the time service begins. Similarly when a customer ceases Cal Am's water service, the responsibility for payment of surcharges also ceases. The normal turnover of customers is a continuous cycle and the treatment of Adams Ranch customers should be no different.

---

<sup>8</sup> It is to DWA's understanding that no other water rights have been purchased by Cal Am.

# PROPOSED RESOLUTION

Resolution W-5080  
DWA

February 25, 2016 Rev. 1

## *Future Cost to Cal Am Customers*

Upon Commission approval of the Adams Ranch purchase by Cal Am, the \$800,000 purchase price will be included as part of rate base in Cal Am's next GRC. This increased rate base will increase the revenue requirement in Cal Am's LA District by an estimated \$118,329. Adding in estimated annual operating expenses totaling \$51,327 to operate the Adams Ranch system will result in a total revenue requirement increase of \$169,656 or 0.58%. The rate impact per average customer for San Marino is expected to increase by approximately \$0.30 in both the winter and summer months. The added rate base will also increase rates in the other two service areas of the LA district: Baldwin Hills and Duarte. Baldwin Hill's rates will increase approximately \$0.22 and for Duarte \$0.24.

## *Benefit to Adams Ranch Customers*

The acquisition of Adams Ranch by Cal Am will benefit the Adams Ranch customers in several important ways. First and foremost, Cal Am has the operating experience and resources to provide safe and reliable drinking water to Adams Ranch. There have been times in the past when the Adams Ranch's water supply was critically low and it depended on Cal Am for water using the interconnection. In addition, Adams Ranch customers who qualify will have access to Cal Am's low-income programs. Cal Am has a specialized work force and access to new and advanced equipment and technology needed to provide high quality water service. Adams Ranch customers will have access to Cal Am's website and its online services such as online payment and paperless billing. Cal Am has the ability to utilize quantity discounts and other economies of scale in purchasing resources/materials/supplies. Adams Ranch customers can utilize Cal Am's wide-ranging conservation programs, such as rebates on turf replacements and free water-saving devices. Lastly, Cal Am will be able to spread the high fixed costs of providing water service among a significantly larger customer base, in contrast to Adams Ranch having to recover its increasingly high fixed costs from just 173 customers.

## *Benefit to Current Cal Am Customers*

The addition of prescriptive water rights from Adams Ranch allows the reduction of Cal Am's reliance on purchased water from the Metropolitan Water District of Southern California. This will lower the costs of purchased water by an estimated \$80,000 per year and the savings will be reflected in rates. Also, obtaining additional water rights



# PROPOSED RESOLUTION

Resolution W-5080  
DWA

February 25, 2016 Rev. 1

increases diversification of Cal Am's water resources in the San Marino service area. The existing infrastructure of Adams Ranch water system, including but not limited to the well, tank, pumping equipment, electrical equipment, and piping which are not in need of repair shall remain in service upon the closing of the sale to Cal Am. Therefore, there are no immediate anticipated additional costs that Cal Am will have to expend in adding Adams Ranch into Cal Am's LA District. The increase in customer base allows further spreading of future Cal Am's costs of water service.

## SAFETY CONSIDERATIONS

Currently, Adams Ranch has not reported any water quality issues with its system, as verified by the State Water Resources Control Board. However if contaminate levels do begin to rise, Cal Am's large water system allows both the blending of Cal Am's and Adams Ranch's water sources to lower potential contaminant levels and the utilization of multiple treatment plants in Cal Am's LA District.

## COMMENTS

Public Utilities Code Section 311(g)(1) provides that resolutions generally must be served on all parties and subject to at least 30 days public review and comment prior to a vote of the Commission. Accordingly, this proposed resolution was mailed to the utility and its service list, and made available for public comment on January 22, 2016.

On February 10, 2016, Cal Am filed comments in support of the proposed resolution. In its comments, Cal Am also requested to add language that clarifies "the adopted revenue requirement for 2016 and 2017 for purposes of calculating the WRAM/MCBA." Cal Am proposes an addition to the Findings and Conclusions of the proposed resolution that states, in part, "it is reasonable for California American Water to assume additional revenue based on the product of the number of Adams Ranch customers, the San Marino district average residential consumption for 2014, and the current and effective tariff rate."

The acquisition of Adams Ranch will not be reflected in rates until Cal Am's GRC in 2018, but incorporating the customers of Adams Ranch into the San Marino service area is expected to happen as soon as this year. Therefore, it is fair to assume that the revenue requirement for the San Marino district will increase when the number of customers increases. It is reasonable for the authorized revenue requirements in the 2016 and 2017 WRAM/MCBA to reflect the additional revenue obtained once Adams

# PROPOSED RESOLUTION

Resolution W-5080  
DWA

February 25, 2016 Rev. 1

Ranch customers are placed into the San Marino service area. Instead of using the 2014 average residential consumption to calculate the additional revenue as Cal Am proposed, the adopted 2016 and 2017 consumption per customer from Cal Am's most recent GRC (D.15-04-007) should be used. For the variable costs in the MCBA, the adopted GRC values should be used as well. We have added a Finding and Conclusion and an Ordering Paragraph to clarify the calculation of the 2016 and 2017 WRAM/MCBA for the San Marino service area with the addition of the Adam Ranch customers when it occurs.

## FINDINGS AND CONCLUSIONS

1. By Advice Letter (AL) 1084-W filed on July 2, 2015, California-American Water Company (Cal Am) requests authorization to acquire Adams Ranch Mutual Water Company (Adams Ranch) for a purchase price of \$800,000 under the terms and conditions set forth within the filing.
2. Requested authorization for the acquisition of Adams Ranch via advice letter is consistent with the process provided by the Commission in D. 99-10-064.
3. Acquisition of Adams Ranch does not require a review under Public Utilities Code Sections 851 and 854.
4. Under Public Utilities Code Section 2705, the Commission does not have jurisdiction over mutual water companies. Therefore, there is no need for the Commission to rule on the terms and conditions of the Acquisition Agreement between Cal Am and Adams Ranch.
5. Once the acquisition is finalized, the \$800,000 will be placed into rate base and reflected in rates for Cal Am's Los Angeles County (LA) District in its next General Rate Case (GRC) in 2018.
6. The \$800,000 purchase price is supported by a valuation study accepted by both parties and is just and reasonable.
7. In AL 1084-W, Cal Am requests approval of the terms and conditions of the agreement transferring prescriptive water rights from Adams Ranch to Cal Am at a purchase price of \$1,600,000. However, Public Utilities Code Section 2705 does not require the Commission to rule on the terms and conditions of the transfer agreement between Cal Am and Adams Ranch.

## PROPOSED RESOLUTION

Resolution W-5080  
DWA

February 25, 2016 Rev. 1

8. The \$1,600,000 purchase price is already accounted for and part of Cal Am's rate base, as per the settlement agreement in Cal Am's most recent General Rate Case between Cal Am and the Office of Ratepayer Advocates approved in D. 15-04-007.
9. The \$1,600,000 price is supported by a valuation study accepted by both parties and is just and reasonable.
10. The prescriptive water rights will reduce Cal Am's purchased water replenishment costs by an estimated \$80,000 annually.
11. Adams Ranch's water system is currently in good condition with no water quality issues and will continue to operate under Cal Am.
12. After the acquisition of Adams Ranch is finalized, Cal Am requests authorization to incorporate Adams Ranch into its San Marino service area of its Los Angeles County District and apply all its current tariff rates, rules, and regulations to Adams Ranch.
13. For purposes of establishing the authorized level of revenue and costs for the WRAM and MCBA for Adams Ranch, it is reasonable for Cal Am to assume additional revenue based on the product of the number of Adams Ranch customers, the adopted 2016 and 2017 San Marino district consumption per customer from D.15-04-007, and the current and effective tariff rate. The MCBA would be based on the product of the number of customers and the San Marino district average residential variable costs from D.15-04-007.
14. Once the added rate base and associated costs of Adams Ranch is reflected in Cal Am's 2018 GRC, the revenue requirement of its LA District will increase by an estimated \$169,656 or 0.58%, resulting in an increase average customer bill of \$0.30 in the San Marino service area, \$0.22 in the Baldwin Hills service area, and \$0.24 in the Duarte Service Area.
15. Adams Ranch customers will receive the benefits of Cal Am's low-income and conservation programs in its San Marino service area.

## PROPOSED RESOLUTION

Resolution W-5080  
DWA

February 25, 2016 Rev. 1

16. Approval of the requested acquisition of Adams Ranch by Cal Am promotes the interests of safety and ensures that the customers of Adams Ranch receive a safe and reliable supply of drinking water at a reasonable rate.
17. Approval of the requested acquisition of Adams Ranch by Cal Am is consistent with the State of California's and the Commission's goals in ensuring reliability and sustainability of safe, clean, and affordable water for all Californians.
18. Cal Am should file a Tier 1 Advice Letter that provides details of the finalized purchase and updates the tariffs for the San Marino service area. The updated exemplary tariffs should become effective five days after Cal Am files the AL.

## PROPOSED RESOLUTION

Resolution W-5080  
DWA

February 25, 2016 Rev. 1

### **THEREFORE IT IS ORDERED THAT:**

1. California-American Water Company's request for authorization to incorporate customers of Adams Ranch Mutual Water Company into its San Marino service area and place \$800,000 into rate base in its next General Rate Case of the Los Angeles District is granted.
2. California-American Water Company shall file a Tier 1 Advice Letter that provides details of the finalized purchase and updates the tariffs for the San Marino service area, including service area map. The tariffs shall become effective five days after California-American Water Company files the Advice Letter.
3. Once the Adams Ranch customers are incorporated into the San Marino district, California-American Water Company is authorized to update its revenue requirement and costs for the calculations of its Water Revenue Adjustment Mechanism and Modified Cost Balancing Account. The additional revenue and costs will factor in the Adams Ranch customers, the adopted usage and production values from D.15-04-007, and the most current and effective tariff rate.

This Resolution is effective today.

I certify that the foregoing Resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on February 25, 2016; the following Commissioners voting favorably thereon:

---

TIMOTHY J. SULLIVAN  
Executive Director

## PROPOSED RESOLUTION

Resolution W-5080  
DWA

February 25, 2016 Rev. 1

## CERTIFICATE OF SERVICE

I certify that I have by either electronic mail or postal mail, this day, served a true copy of Proposed Resolution No. W-5080 on all parties in these filings or their attorneys as shown on the attached lists.

Dated January 22, 2016, at San Francisco, California.

/s/ JENNIFER PEREZ

Jennifer Perez

Parties should notify the Division of Water and Audits, California Public Utilities Commission, 505 Van Ness Avenue, San Francisco, CA 94102, of any change of address to ensure that they continue to receive documents. You must indicate the Resolution number on which your name appears.

# PROPOSED RESOLUTION

Resolution W-5080  
DWA

February 25, 2016 Rev. 1

## CALIFORNIA AMERICAN WATER COMPANY Advice Letter No. 1084 SERVICE LIST

George and Cecelia "Cyl" Rudar  
[cylrudar@gmail.com](mailto:cylrudar@gmail.com)

Todd Pray  
Senior Manager – Rates & Regulatory  
California American Water Company  
[Todd.Pray@amwater.com](mailto:Todd.Pray@amwater.com)

Sherrene Chew  
[Sherrene.chew@amwater.com](mailto:Sherrene.chew@amwater.com)

Danilo Sanchez  
[Danilo.Sanchez@cpuc.ca.gov](mailto:Danilo.Sanchez@cpuc.ca.gov)

Lisa Bilir  
[Lisa.Bilir@cpuc.ca.gov](mailto:Lisa.Bilir@cpuc.ca.gov)